

IN THE CHANCERY COURT FOR KNOX COUNTY, TENNESSEE
SIXTH JUDICIAL DISTRICT AT KNOXVILLE

STATE OF TENNESSEE, <i>ex rel.</i> PAUL G.)	
SUMMERS, Attorney General & Reporter,)	
Plaintiff,)	
)	
v.)	No. 143342-1
)	
KATHERINE KENNEDY, individually,)	
and doing business as LEGAL OPTIONS,)	
and LEGAL OPTIONS, INC., a Tennessee)	
Corporation,)	
)	
Defendants.)	

ORDER GRANTING SUMMARY JUDGMENT AND PERMANENT
INJUNCTION AGAINST THE DEFENDANTS

This cause came to be heard on October 6, 2000 on the Motion for Summary Judgment filed by the State. For the reasons set forth below, the State’s motion is granted and a permanent injunction is entered against the defendants, Katherine Kennedy, individually, Legal Options and Legal Options, Inc., as specified herein.

1. FACTS

Legal Options is a business providing legal document preparation services. Defendants began operation in June of 1992. Legal Options continued operation in Tennessee until at least May 2000. Katherine Kennedy is the founder and sole owner of Legal Options, and she is the person who is primarily responsible for the operation of Legal Options. Katherine Kennedy is not a licensed attorney and Defendants do not employ licensed attorneys for the regular conduct of their business. No attorneys supervise or have supervised the work performed by Legal Options.

Legal Options prepares legal documents such as divorce pleadings and wills for consumers for a fee. Legal Options prepared legal documents which were filed in courts in sixteen different counties in Tennessee. Katherine Kennedy and Legal Options have been advised that at least one court refused to accept pleadings prepared by them. After discovering that the court would not accept pleadings, Legal Options and Katherine Kennedy informed

individuals not to file in that particular court.

Legal Options and Katherine Kennedy have placed advertisements in the Yellow Pages under “Legal Clinics.” Legal Options and Katherine Kennedy have placed advertisements in the Thrifty Nickel, the Halls Shopper and the Times newspaper. Legal Options has advertised that it offers “affordable legal services in East Tennessee”.

Katherine Kennedy drafts and approves the instructions for filing information which is given to consumers. Katherine Kennedy and Legal Options instruct individuals about filing documents with the court and about how to act and what to say when appearing in court.

The Defendants have represented that they do not keep any records of consumers. They do not keep the documents prepared for consumers or any questionnaire sheets provided to the Defendants by consumers. The Defendants do not even keep records of the consumers names unless that consumer has been provided a refund.

2. PERMANENT INJUNCTION

A permanent injunction shall enjoin the Defendants, Katherine Kennedy, individually and doing business as Legal Options and Legal Options, Inc. and their employees, agents, successors and assigns, and other persons in active concert or participation with the Defendants from engaging, directly or indirectly, in the following conduct:

- 2.1 Engaging in the “practice of law” or “law business” in the State of Tennessee as defined in Tenn. Code Ann. § 23-3-101;
- 2.2 Engaging in any act or practice that violates Tenn. Code Ann. §§ 23-3-101, *et seq.* relating to the unauthorized practice of law;
- 2.3 Engaging in any unfair or deceptive acts or practices in the conduct of their business and shall fully comply with all applicable provisions of the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101, *et seq.*;
- 2.4 Representing, stating, promoting, advertising, claiming or implying that they can provide “legal services” such as, but not limited to, “divorces,” “name changes,” “wills,” “powers of attorney,” “living wills,” or other services, unless lawfully done by an individual with a valid license to practice law in the State of Tennessee at the time of offering and providing the services;
- 2.5 Without limiting the scope of paragraphs 2.1 and 2.2, acting as an advocate in a representative capacity for any consumer or person or making or preparing any documents for filing in any court in the State of Tennessee on behalf of any consumer or person, except as Defendant Katherine Kennedy may lawfully represent herself;

- 2.6 Without limiting the scope of paragraphs 2.1 and 2.2, accepting or depositing into their accounts any monies or other valuable consideration from any consumer or person for legal document preparation services performed by Defendants. Defendants shall immediately provide any such monies or other valuable consideration received under fee agreements entered into before the entry of this Order to any attorney appointed by this court for such a purpose or if an attorney has not been appointed, it shall immediately be provided to the Attorney General & Reporter and applied to payments required by this Order;
- 2.7 Using terms or phrases such as “legal,” “law,” “legal services,” or “Legal Options,” that would indicate to consumers that the Defendants are providing legal services or acting as an advocate in a representative capacity for any consumer or person, unless lawfully done by an attorney who possesses a valid license to practice law in the State of Tennessee who supervises the offering and providing of these services. Defendants shall immediately cease using the name “Legal Options” and destroy any letterhead, forms, business cards or other documents that use or refer to this name; and
- 2.8 Defendants shall be required to maintain all documents and records relating to (a) any appearance they made as an advocate in a representative capacity for any consumer or person, (b) any advice or counseling they gave to any consumer or person regarding the law, (c) any document or instrument they prepared for any consumer or person relating to any Tennessee law, (d) any financial records or documents relating to the operation of Legal Options and Legal Options, Inc., and (e) any documents reflecting the names, addresses and amounts paid for any services provided by the Defendants. Defendants shall be prohibited from, directly or indirectly, destroying or removing such records.

3. NOTICE AND RESTITUTION TO CONSUMERS

3.1 Within thirty (30) days of entry of this Order, the Defendants shall pay the costs associated with and make arrangements to publish the advertisement attached as Exhibit A for four consecutive days in the *Knoxville News Sentinel*. The advertisement shall be published in the same size and format as Exhibit A. Defendants are prohibited from altering the font size or format of the advertisement in any way. If the State learns of additional counties where Defendants conducted business which are not part of the Knoxville News Sentinel normal circulation, the State has the right to apply to this Court for additional advertisements in other newspapers with adequate circulation in each county where the Defendants prepared pleadings to provide additional notice to consumers who may be entitled to restitution from the Defendants. No advertisements shall be published until the Defendants pay for the advertisements.

3.2 The Defendants shall be required to fully reimburse each and every

eligible consumer the full amount of all monies paid to the Defendants for legal document preparation services or legal services. Eligible consumers will include each and every consumer that for any reason contacts the Defendants and requests a refund of monies paid to the Defendants for legal document preparation services or legal services. The consumer is not required to state a reason for requesting a refund. By way of example, if consumer John Smith paid the Defendants \$50 to prepare a will for him and Mr. Smith requests a refund from the Defendants, the Defendants will pay Mr. Smith \$50.

3.3 Consumer refunds shall be made by check drawn on an account with a sufficient cash balance to fund all refunds and shall not consist of credits, discounts or other partial reimbursement of the refund amount. All consumer refunds shall be mailed by first class, certified mail, return receipt requested postage paid United States Mail within six (6) weeks of the receipt of the refund request. Envelopes shall be marked “POSTMASTER: ADDRESS CORRECTION REQUESTED” and refunds shall be re-mailed with an address correction where applicable. Alternatively, the refunds may be hand-delivered to the eligible consumer provided that the Defendant obtains a signed receipt for the refund check.

3.4 In the event Defendants are unable to locate consumers eligible for a refund under this section after the consumer has requested a refund, those funds due such consumers shall be treated as unclaimed property in the possession of the State of Tennessee pursuant to the Uniform Disposition of Unclaimed Property Act, Tenn. Code Ann. § 66-29-101, *et seq.* These funds may be delivered to the State Treasurer prior to the statutory due date. The Defendants shall provide a report to the Attorney General and Reporter within six (6) months of the entry of this Order which details the amounts delivered to the Treasurer for treatment as unclaimed property under the State statute. The Defendants shall continue to provide this information every six (6) months until all funds have been claimed and/or returned to the Defendants. The Defendants shall provide all information necessary to the State Treasurer’s office to appropriately handle such funds as unclaimed property as set forth by statute and regulation.

3.5 Defendants are responsible for all costs associated with the restitution

process set forth in section 3 of this order, including, but not limited to, all costs associated with the notice advertisement, mailing, all letterhead, envelopes, copying charges, postage and other costs associated with the issuance of refund checks.

3.6 By no later than March 1, 2001, Defendants shall file with the Attorney General the following information and shall supplement the information every thirty (30) days as is necessary:

- A. A report verifying and certifying that eligible consumers who requested a refund have, in fact, received a full refund. Additionally, the Defendants shall verify and certify compliance with each provision of this Order with respect to refunds.
- B. An alphabetical list of the name and address of each consumer who requested a refund, the amount of each consumer's refund and the total amount of all refunds provided.

3.7 In the event that Defendants are unable to fully pay all eligible restitution claims within the time frame required by this Order, Defendants shall have the right to petition the Court for additional time to comply. However, the Defendants must file such a request thirty (30) days prior to the expiration of the time period to pay the consumers under this Order. The State may take whatever position it desires in regard to the request for additional time to pay restitution.

3.8 Within ten (10) days of receipt of a request from the Division of Consumer Affairs for evidence that a specific consumer or consumers have received a refund, Defendants shall provide any documents, books and/or records necessary to establish to the satisfaction of the Division of Consumer Affairs that the refund process complied with this Order. These documents may include, but shall not be limited to, copies of the front and back of canceled checks and/or mailing records along with certified mail receipts or receipts for hand-delivery indicating that the identified consumer or consumers received a refund. The documents, books or records shall be physically turned over and provided to the Division of Consumer Affairs no later than ten (10) days from receipt of such request. This paragraph shall in no way limit the Attorney General's or the Division of Consumer Affairs' right to obtain documents, records and/or testimony through any other state or federal law, regulation or rule.

4. CIVIL PENALTIES

4.1 Pursuant to Tenn. Code Ann. § 47-18-108(b)(3), Defendants shall pay the sum of Twenty Three Thousand Five Hundred Dollars (\$23,500.00) to the State of Tennessee as a civil penalty for the Defendants' acts and/or practices described in the State's Complaint that violate the Tennessee Consumer Protection Act.

4.2 Pursuant to Tenn. Code Ann. § 23-3-103(c)(1), Defendants shall pay the sum of Twenty Three Thousand Five Hundred Dollars (\$23,500.00) to the State of Tennessee as a civil penalty for the Defendants' acts and/or practices described in the State's Complaint that violate the Unauthorized Practice and Improper Conduct Statute.

5. COLLECTION OF MONIES

5.1 In the event Defendants fail to make any payment required under this Order within twenty (20) days of its due date, the entire monetary balances under this Order then remaining becomes due and payable without notice and may be collected by execution, garnishment or other legal process, together with interest pursuant to Tenn. Code Ann. § 47-14-121 from the date of entry of this Order. Defendants shall pay all attorneys' fees and costs, including but not limited to court costs, associated with any such collection efforts.

6. APPOINTED ATTORNEY AND CONTINUING POWERS OF COURT APPOINTED ATTORNEY

6.1 The State shall retain the right to apply to this Court for the appointment of a receiver to inventory and receive Defendants' clients files or documents with the same powers as those set forth in Rule 9, Section 22 of the Rules of the Supreme Court of Tennessee relating to the Appointment of Counsel to Protect Clients' Interest if the State determines that a sufficient number of consumers are in need of this service.

6.2 If a receiver is appointed, the receiver shall take whatever action necessary to protect the interests of the persons for which the Defendants provided legal services. If a receiver is appointed, the appointed attorney shall have the continuing right to

petition this Honorable Court for whatever further direction or assistance required in that inventory process, including but not limited to requesting that the Court appoint attorneys to represent persons in specific cases. If a receiver is appointed, the Defendants shall pay all costs associated with this process and the continuing process of conducting an inventory of the Defendants' legal documents, locating consumers and having those persons obtain new counsel to represent them in those legal matters. The receiver shall forward any such bills directly to the Defendants. The Defendants shall be required to pay the bill within fourteen (14) days of receipt of the billing.

6.3 If a receiver is appointed, the Defendants shall execute any and all necessary documents to permit the receiver to use funds from the Defendants escrow or other office accounts to handle any and all financial matters indicated or necessary to protect the interests of the consumers. If a receiver is appointed, the Defendants shall further stand ready to answer any questions the appointed attorney may have or to fully cooperate or otherwise provide whatever assistance the appointed attorney may need in the process of inventorying the files and contacting those persons. On the day a receiver is appointed, the Defendants shall provide the appointed attorney with a business and residential telephone number and complete business and residential street address where they can be reached within forty-eight (48) hours to receive requests for assistance or information. On the day of entry of the Order appointing a receiver, the same information shall be provided to representatives of the State. This information shall be updated by the Defendants as appropriate.

It is therefore ORDERED, ADJUDGED and DECREED that Summary Judgment is granted in favor of the Plaintiff and the foregoing Permanent Injunction is entered against the Defendants, and it is further,

ORDERED, ADJUDGED, and DECREED that the Defendants shall pay the sum of Twenty Three Thousand Five Hundred Dollars (\$23,500.00) as civil penalties for violations of Tenn. Code Ann. § 47-18-108(b)(3), and it is further,

ORDERED, ADJUDGED, and DECREED that the Defendants shall pay the sum of Twenty Three Thousand Five Hundred Dollars (\$23,500.00) as civil penalties for

violations of Tenn. Code Ann. § 23-3-103(c)(1).

IT IS ORDERED, ADJUDGED AND DECREED that the investigation and prosecution costs, including attorneys' fees shall be awarded to the State upon proper application submitted to the court.

ORDERED, ADJUDGED AND DECREED that all court costs, including discretionary costs will be taxed to the Defendant. Pursuant to Tenn. Code Ann. § 47-18-116, no costs shall be taxed against the State.

Entered this the _____ day of October, 2000.

CHANCELLOR

Approved for entry:

JEFFREY L. HILL
Assistant Attorney General
B.P.R. No. 16731
Office of the Attorney General
Consumer Advocate and Protection Division
425 Fifth Avenue North
Nashville, Tennessee 37243
(615) 741-3549

CERTIFICATE OF SERVICE

I do hereby certify that a true and exact copy of the foregoing was forwarded by first-class mail, postage prepaid to Katherine Kennedy, Legal Options and Legal Options, Inc., 2800 Essary Road, Knoxville, TN 37918 and to 7149 Periwinkle Drive, Knoxville, TN 37918.

This the _____ day of October, 2000.

Attorney General

JEFFREY L. HILL

Assistant

